No. 11347

United States
Circuit Court of Appeals
For the Ninth Circuit.

LERNER STORES CORPORATION, a corporation,

Appellant,

vs.

WILFRED A. LERNER,

Appellee.

SUPPLEMENTAL
Transcript of Record

Upon Appeal from the District Court of the United States for the Northern District of California, Southern Division

Rotary Colorprint, 661 Howard Street, San Francisco

In the Southern Division of the United States District Court in and for the Northern District of California

Before: Hon. Louis E. Goodman, Judge.

No. 23,662-G

LERNER STORES CORPORATION, a corporation,

Plaintiff,

vs.

WILFRED A. LERNER,

Defendant.

REPORTER'S TRANSCRIPT ON OBJECTIONS TO PROPOSED FINDINGS

Monday, December 24, 1945

Counsel Appearing: For Plaintiff: John J. Goldberg, Esq., Sam A. Ladar, Esq. For Defendant: Henry W. Robinson, Esq.

The Clerk: Lerner Stores Corporation v. Wilfred A. Lerner.

Mr. Robinson: Ready, your Honor.

Mr. Goldberg: Ready, your Honor.

The Court: You may proceed, gentlemen.

Mr. Goldberg: Would your Honor desire plaintiff to proceed [1*] first with objections to the proposed findings? It does not make any difference, whichever may be proper.

* Page numbering appearing at top of page of original Reporter's Transcript.

Mr. Robinson: I will say that the defendant has prepared the findings accurately, honestly and fairly, and that the burden under the circumstances is upon the plaintiff, the losing party, to indicate wherein they are not accurate or unfair to the plaintiff.

The Court: There seem to be a lot of amendments.

Mr. Robinson. There is an entirely new set of findings proposed.

The Court: Of course, I have not any objection to hearing objections to the proposed findings except that I do not think that this proceeding ought to be converted into a motion for a new trial, unless you want to stipulate that it may be. I notice at the end of the plaintiff's findings there is a proposed finding that plaintiff have judgment. Of course, those matters may only be raised on a motion for a new trial.

Mr. Goldberg: That is the last paragraph of the conclusions. I suppose that can be ignored.

The Court: If the proposed objection is to findings that support the judgment that is made, there is no use spending time on hearing that. There is a provision of the rules that you can make your objection to the findings, or, rather, make a motion for a different finding at the same time you make a motion for new trial, and many lawyers fail to take [2] advantage of that. As a matter of fact, I think that unless there is some finding of fact that is clearly a mistake that most objections to findings can be reached in that way, because the court at that

time can pass on the motion for a new trial or motion to amend the findings.

Mr. Goldberg: We had that in mind, but it seemed to us in going over the proposed findings submitted by the defendant that there are a number of serious questions of fact, not just the final conclusions, but facts that are involved in our objection to the findings, and we felt that we would be free to discuss any matters of law or of conclusions that might develop at this hearing. Nevertheless, our object is to discuss the proposed findings and the facts because we do not feel that we could properly discuss that question of any difference in ruling until we have a set of facts that in our judgment represent the state of the record. So we had in mind that we would address ourselves to the proposed findings and our objections to them, and then if we should have a set of facts that in our judgment conformed to the record, and if on those facts the court makes a ruling that is adverse, we would then be in a position to move for a new trial and at the same time move to substitute other findings, in which event we would not be concerned with questions of fact so much as we would with the conclusion. Our thought this morning was to discuss the proposed findings of fact——

The Court: So that you will not be too much aggrieved by such ruling as I may make, in the settlement of findings I feel that the judge, having decided the case on the facts in favor of one side, is not required to find facts that are favorable to the other side of the case, because all of those matters

are in the record and may be raised on appeal, or a motion for a new trial. I know that the attorneys sometime ago in a case felt aggrieved because I would not make findings in the case as to the facts that were favorable to his side, and would only make findings of fact that were favorable to the other side, and I said that I felt I found from the facts that sustained the judgment that I wanted to give in the matter, and that I either did not believe or did not accept or did not give weight to the other facts, and I saw no reason for making a finding in the record, that the facts were in the record, and if the judgment was not sustained by the facts which the court found then, of course, they could be set out on rehearing or motion for a new trial, or on appeal. So I say that if I rule against you, because you want me to find some facts in the case that you think would help to sustain a finding the other way, I will rule against that, because I do not think that matter is before me. I think that the court can find the facts that it believes in its judgment and in its conscience are the facts, that it wants to find that sustains the judgment. I just want to make that clear. You can [4] raise any point on a motion for a new trial that you can raise, but I do not think that any court should stultify itself by making some finding of fact in favor of the side that has not been successful. It does not make sense to me. However, you present the matter any way you wish, but I just want to point out to you I am only going to make findings necessary to sustain a judgment in this case.

Mr. Robinson: I have gone with considerable care and detail into the history of the plaintiff corporation, much more in detail than in the complaint, itself, so that in fairness I would present what I thought was the legal issue which the plaintiff asserts gives him the right to judgment, namely the way in which he has built up in California a number of stores, in Los Angeles, San Francisco, Oakland and Bakersfield, and so on, to present very clearly whether that simple fact, that they have built up their chain organization, gave them a right to preempt a particular city.

The Court: All I decided in this case was that there is not any unfair competition, and why the court has to do anything in this case except to find on the facts that there is no unfair competition, I do not see. I think the findings should be on a page and a half.

Mr. Robinson: But in fairness to plaintiff, since Mr. Goldberg devoted so much time to that point, I merely wanted to point out that I did not leave those things out. I believe [5] they are in there with as much if not more detail than the plaintiff has in its proposed findings.

The Court: I think I have said too much already. I just wanted to state how I generally felt about findings. If there is any particular finding that you think ought to be changed you go ahead and call my attention to it and I will dispose of it.

Mr. Goldberg: We may have approached this from a point of view that does not coincide with that of the court, but feeling that this is a rather serious

matter to both parties, we felt that the facts as presented here in court, which so far as they are material should be found by the court even though really those facts are undisputed and material and they might or might not support the judgment. It seems to me that if there are facts in the record which are material and undisputed the court should make a finding on those facts even though they may be the basis for argument on appeal that those findings are inconsistent with the judgment. It certainly has been my long experience, of many years, that that is the function of findings. I may be mistaken, so far as this court or its practice at this time is concerned, but I do not so understand it.

Now, it is true that a finding can be made that there is not unfair competition between the plaintiff and the defendant and in the sense that finding is an ultimate fact, but it seems to me that to support such a finding there should be at least a subsidiary finding as to whether there is competition between the parties, fair or unfair, to begin with. It is my understanding of the court's decision and conclusion that there is no unfair competition here, because there is not in fact competition, and whether or not there is competition is a question of fact as to which the evidence in this record has some bearing, and whether or not that competition is unfair, there is also evidence in the record. So that it seems to me that we are entitled to have the finding of ultimate fact include a finding on whether or not the plaintiff in this case under the facts in this case comes within the protection of the rule of law that

where you have proof of a growing business, an expanding business, a continuous practice of expanding in outlying areas from focal points, that that protects that business in the normal expansion area, even though it has not actually reached all of that area. If there are facts in the record to support that it seems to me we are entitled to a finding thereon, even though it could be argued that such a finding is contrary or inconsistent with the court's conclusion. In other words, I think the findings should find on all of the material facts, even though there may ultimately be only one fact in the court's mind which is determinative of the final conclusion. In other words, even though it is the court's judgment that because San Jose is 50 miles from San [7] Francisco and the plaintiff did not actually have a store in San Jose at the time the defendant opened his store, even though that may be entierly in the court's mind, that there is no competition between these parties, nevertheless there is a good deal of evidence in the record which tends to show that there is trading in San Francisco by people who live in San Jose and surrounding areas, and that the plaintiff has offered records in this case and has testified it has customers in the San Jose area; whether that is sufficient in size to move the court may be another question, but the fact that exists is a material element, as we believe, pointing to a conclusion of law, even though the court disagrees with that, it seems to me that when those facts are developed they should present those material facts upon which it could be urged that the judgment is or is

not supported by the findings and all of the evidence in the record.

It is true that if only certain facts are picked which support the judgment and all of the other facts are ignored, that the appellant has an opportunity to point out those facts to the court above, but I do not know of any practice that would say that it is improper to include all of the material facts. I am not taking issue with the court on that, because I am sufficiently familiar with the court's practice here on that particular point. It seems to me and it has always been my opinion that findings should state facts [8] if they are true and material, even though they are inconsistent with the conclusion.

The Court: I just want to say one thing. In what I stated I was speaking of the Federal Rules of Procedure and the philosophy which has been developed there, particularly in the last two or three years, and that is to simplify all of the methods of procedure, and that in fact is shown in some discussions leading up to the formation of rules and proposed amendments to the present time. You will find that the provision of the rules for making a motion to amend the findings at the time of making a motion for a new trial is the rule getting at the very matter that you just mentioned. If there is some finding requested by the losing party at the trial, it is presented in the motion for granting a new trial. There is not a single point of the nature that you have just mentioned that cannot be better raised and more justly determined at the time of

the motion for a new trial than at the present time, because obviously the function of the court then is to reexamine the decision and see whether or not there is a foundation for it in the facts, whereas the purpose of this proceeding is just to see that there are findings of fact upon material issues that are necessary to sustain the court's decision, without regard to whether or not the court should grant a motion for a new trial. I think you would be better off to argue your motion for a new trial, [9] and at the same time what I am suggesting to you is not to debar you from going ahead with any showing that you want to make in connection with the inadequacy of the record or the decision of the court.

Mr. Goldberg: What we have done here is to just point out our objections to the defendant's findings as such, and then to propose findings of fact which have been proved. It seems to us our findings of fact were proved, and do not merely set forth our view of those facts. It seems to me this record has very little of actual conflict in it on the evidence as it has come in. Our purpose this morning is to point out to the court that there are inaccuracies——

The Court: I do not want to interrupt you again, but I just happened to pick up your proposed amendments at random. I notice on page 5 in paragraph 5, you say, "There is uncontradicted evidence that defendant's conduct did cause confusion of prospective customers and damage to plaintiff." You propose a finding on that basis?

Mr. Goldberg: Yes, on that basis.

The Court: If I sustained your point on that then I would to some extent nullify the decision which I made.

Mr. Goldberg: Of course, that is the reason why we wanted to point out the transcript references.

The Court: I just could not accept that testimony. I do not want you to feel aggrieved because I found against the [10] vital condition for which you contended, but I do not think there was any confusion, I don't think there was any damage. That is the way I felt about the case. I could not put down that I am in doubt that there was confusion and there was damage and contemporaneously make a decision in favor of the defendant.

Mr. Goldberg: The purpose at this time is to point out to the Court that the defendant in his proposed findings states that there was no confusion and there was no damage, and we believe that we are entitled to and should point out to the court to the contrary.

The Court: I think you are entitled to do that, but the proper place to do that is on a motion for a new trial or on appeal. If you are just going to reargue the case I have no objection to doing that. If you want to convert this into a motion for a new trial I will hear you; I am not trying to shut you off, but I do not want to hear it twice.

Mr. Goldberg: I understand that, but it seems to me there are two separate problems here. The first is to see whether the findings as ultimately signed by the court are accurate. It might be that this, being only one of a number of facts presented

to the court, it would nevertheless say in spite of the facts pointed out the court did not accept that testimony and would not make any finding to that effect; but there are other statements in the proposed findings which [11] we consider as not only inaccurate, but in fact unfair in the omission of matters or in mis-statements of matters. It would seem to us we ought to have an opportunity to point out to a court why findings are inaccurate, and when those findings have been signed and we want to attempt to change the view of the court on motion for a new trial, then we would do it on the basis of the findings signed by the court, whereas these proposed findings we do not believe the court should sign even though its conclusion as to the decision remains the same.

Counsel, for instance, stated that he tried to point out the history of the corporation, the plaintiff in this case, as to its inception and so on. We take issue with counsel. He started in 1930. He says in paragraph 2 in 1930 "Lerner Stores Corporation, a corporation, incorporated under the laws of Delaware." The record shows that the plaintiff's stores were opened in 1919 and regularly thereafter, and that has a bearing on the policy and practice of plaintiff to extend its operations throughout the country.

The Court: If you consider that it is necessary to include all of those things, I have no objection, if you want to go into detail as to the organization and development of plaintiff's chain stores, but I do not think that the history of the corporation has got

very much to do with it. If you feel that has anything to do with it, as long as the plaintiff has put in the history of it, have you any objection to its [12] going in, Mr. Robinson?

Mr. Robinson: Mr. Goldberg has merely changed it to put it in the form it is in the complaint. Your Honor will observe that there were several corporate changes which the plaintiff brushed over. Of course, on the examination of Mr. Magee I found out that the plaintiff corporation has not continuously been in operation since 1919 or something like that. I have not gone prior to the time that plaintiff came to California.

The Court: You can put all of that in if you want to, but I am going to add a finding at the end that it did not enter into my decision in the matter, at all. I do not think it will do any good one way or the other.

Mr. Goldberg: I think it will do good if we are correct in our theory.

The Court: Let me interrupt you once more, and it may possibly shorten this or it may not. I did not take into account any of these matters, at all. My decision was based on the fact that here was a chain of stores that did have a good will and were doing business under the name of Lerner shops, with all of the good will and proprietary rights that are inherent that you speak about, but that in this particular case there was not any confusion between your shop in San Francisco and the defendant's store in San Jose, and that there was not any unfair competition about it. I think that is all there is in

the case as far as I am concerned. If I were drawing [13] the finding, as many Federal judges do, that is all I would say. I would say that the long history of this corporation was not a determining factor in my opinion of the issues of fact upon which the judgment has been based. It is just as simple as I have said it. You can elaborate on that if you want to.

Mr. Robinson: I might give an interesting sidelight,——

Mr. Goldberg: I might say, I am being hampered in trying to properly present this matter by these interruptions of counsel.

The Court: I am at fault, too, I have been interrupting too.

Mr. Goldberg: I am happy to have the court's views.

The Court: I am just giving you my viewpoint.

Mr. Goldberg: Yes. It is of some importance to state that the persons who started the plaintiff organization, who have been the most active in it, and who have continued to be so until the second generation, as well as the first, are people by the name of Lerner, and it is important to see that the defend- and calls his business Wilfred Lerner's Store, because his name is Wilfred Lerner. There is no reference in the proposed findings to where this Lerner came from, whether it was just picked up by somebody because they thought it would take away somebody else's good will or whether it came from the people who started it. So that [14] our first proposed findings on that subject is to the effect

that the officers and directors of plaintiff include three persons by the name of Lerner, and include two sons of those persons who are in this same organization. That is in the proposed findings, paragraph 2. We then say that from 1919 on that the original names of these companies, all of which were called Lerner, whether they were blouse, or a store, it was always Lerner, and there ultimately were established 181 stores in 41 states, and that it was their practice to open stores in outlying areas and subsequently branch out into the outlying areas, all of which are found in the record, as to which there is no dispute, and it seems to me the only question now is, is it material? We on our part feel that it is material, because we think that the cases which have dealt with situations of this kind have uniformly determined that such a corporation is entitled to expand into certain normal expansion areas which the court feels in this action does not apply to San Jose, but which we believe is a matter for discussion and perhaps difference of view by the court, but that is at least the basis or starting point of the plaintiff's case.

There is nothing in the proposed finding to the effect that the business, although conducted under the name of Lerner Shops, as a formal matter, is actually known to a majority of the customers and the public as Lerner, which is the precise name under which the defendant commenced his business. [15] There is no dispute in the record about it and we think it should be included in the findings.

It has been established that the plaintiff has a

valuable good will. We have set forth the fact that it had substantial sales and the profit that is made therefrom in 1945. It has a valuable good will. We think these are basic background facts which belong in a set of findings involving this situation, and we believe that they would be of assistance in a set of findings in determining whether or not the correct conclusion has been drawn from the facts.

I am not asking the court at this time to make findings favorable to the plaintiff as to any facts as to which there is a dispute, but certainly as to facts which are not in dispute we think that the plaintiff is entitled to have material facts recited in the record, material to the plaintiff's claim, as well as to sustain the conclusion drawn by the court.

In paragraph 7 we show the establishment of the stores in California. We have the transcript record on all of these establishments. We have actually shown the place and the year when established; then the fact that the plaintiff, prior to the commencement of the business by defendant had acquired by lease or purchase a number of additional locations in California for the establishment of its stores to establish the carrying out of its policy of expansion into outlying areas; and that that included the taking of a lease at San Jose. [16]

I appreciate that your Honor feels that the mere fact that taking a lease standing by itself would not preclude the defendant from opening business, if all that happened was that somebody many miles away had decided he would like to do business in San Jose and went in and took a lease and did

nothing more for this reason, or any reason, and then another party like the defendant went in and opened a store; that is in the absence of a lease I do not think merely taking the lease, standing by itself, is a determining factor, but I do know that in a number of cases involving this principle of expansion the fact that the moving party had made arrangements to open a store or a place of business in that vicinity and territory was commented upon by the court and given a certain amount of weight. Whether it should have the weight for which we contend or not is a matter for the court's conclusion, but we believe that it is one of the material facts in the picture which should be in the findings. There is not any dispute as to the fact.

Now, then, in paragraph 8 of the proposed findings, we make transcript reference to sales. There is not any dispute that we had a certain part of patronage from people in San Jose. We had in court original records of persons with names and addresses living in San Jose, in Palo Alto, Redwood City, and the surrounding area, who had credit slips or exchange slips, which are our only means of knowing the names [17] and addresses of our customers, because we do a cash business, and except on those special occasions we did not keep records of their names and addresses. It was without dispute that exchanges and refunds which would be represented by those records represented a certain proportion of the company's business as a whole from which the witness on the stand concluded that a certain amount of business or a cer-

tain number of customers per month came from these various areas. There is not any dispute about that. Whether it is sufficiently material to move the court is another question. But as a matter of fact it is there, and we feel that it should be a part of the picture in determining whether or not there is competition between the two parties. That is recited in paragraph 8.

In paragraph 9 we refer to the fact that the plaintiff's name to the majority of the public is Lerner's, even though it calls itself Lerner's Shops; also that there is not any store except for the defendant's store in the retail business for the sale of women's wearing apparel in the State of California, or on the Pacific Coast, under that name.

In that connection, there is a proposed finding by the defendant in this matter of L. S. Lerner-Vogue, which is completely misleading. I will read that part.

The Court: What page is that?

Mr. Goldberg: It is on page 3, beginning with line 5 [18] of defendant's proposed finding. After citing a number of stores of the plaintiff it says: "Other such stores, under the name of 'L. S. Lerner-Vogue,' are operated in about 20 cities in the United States by a corporation having no connection with plaintiff or any of its subsidiaries. Plaintiff's subsidiary corporations own and operate such stores under the name of 'Lerner Shops,' in cities which, in some cases, are less than 100 miles distant from the cities in which are located said above-

mentioned stores operated under the name of 'L. S. Lerner-Vogue'."

If we are going to put it in then it should appear in the first place as we set forth in our finding, that these stores which were originally operated as Lerner-Vogue until the plaintiff complained were all located in a circumscribed area in the Midwestern and Southwestern States and not generally over the United States; in the second place, that they are not operating in those 20 cities under the name of Lerner-Vogue; that in the first place J. S. was added to the Lerner-Vogue name because of the plaintiff's complaint, and in the second place that in a number of cities and in all of the cities in Texas, where this company has stores, it has eliminated any reference to Lerner in the name as a result of the litigation that was commenced. I do not think any of that is material, because it merely shows that without the knowledge of the plaintiff someone named Lerner carried on in a limited way stores under the name of Lerner-Vogue, and on plaintiff's complaint certain changes were made. There is no evidence that the presence of those stores caused the purchasing public on the Pacific Coast to identify the designation Lerner with any women's ready-to-wear stores other than the plaintiff's stores. So far as this case is concerned, I am not going to object to putting it in if the court feels it is material, provided in that event the facts are stated, and we have set them forth according to the record on page 3, beginning line 15 of our objections to the findings, that is, in place of the find-

ings as filed by the defendant; but if it is incorporated that the court in that event require the defendant to restate the finding in accordance with the record.

Now, in paragraph 3 of defendant's proposed findings there is a statement the general effect of which is that plaintiff relies entirely upon passing pedestrian traffic for its customers, and that its customers are made up almost entirely of traffic that happens to be passing the stores. That is not the fact, according to the record. It is true that locations are chosen by the plaintiff in those places where the largest amount of pedestrian traffic will pass, because that is the starting point of obtaining patronage, but the record is perfectly clear that the plaintiff has regular customers, people who having once patronized Lerner's patronize it regularly, and they come not only from San Francisco [20] and the immediate environs, as stated by the proposed finding, where a Lerner shop is situated, but including some persons from other areas throughout the United States and other places. We believe we are entitled, if we go into that, not only to make that statement which is true, but state it includes people from San Jose, as well as Palo Alto, Redwood City and peninsula areas, because there is not any dispute in the record on that fact. It came in in written form, and the defendant did not prove to the contrary.

Now, coming to the defendant, himself, there is no reference in the proposed findings as to the business of the defendant or the name under which he

did his business before he opened his store in San Jose, but there is a general proposed finding in paragraph 9 that except as found to be true in the proposed finding or as admitted by the pleadings, all of the allegations of the complaint are not true, and all the affirmative allegations of the answer are true. If that is accepted we then find that in the answer it is alleged that the defendant, before he went into this business, was in a business which was carried on under the name of L. G. Lerner and also under the name of Lerner's, and that it was a business in which he had contacted with the general public and customers who bought women's coats and suits that were manufactured by that business. That is completely contrary to the record. The record in this case, without any dispute, [21] is that that business was carried on under the name of L. G. Lerner, it was not carried on under any other name, as far as the defendant's own testimony is concerned, and it is also in the record that his business or contacts for that firm were with dealers, that is persons who in turn sold to the public and that the defendant, himself, had no contact with members of the public, so that he has not established any following or patronage or good will among customers of a retail store by means of the business he did with his father under the name of L. G. Lerner.

We have proposed a finding in paragraph 10 as to the nature of plaintiff's prior business, which was that he was associated with his father in the manufacture and wholesale to stores and dealers of women's coats and suits in San Francisco, and it

was under the name of L. G. Lerner. And that in addition there is no finding in the proposed findings to the effect that the defendant has admitted that he knew of its existence and nationally known reputation, and that he had been in their store in the Bay area and had been in their store in New York City. Defendant's proposed findings are completely silent on that point.

Then there is a proposed finding in paragraph 5 that since about June 1, 1944, the defendant has engaged in business in San Jose and has advertised his business as Lerner's, San Jose. That is not true. There is nothing in the record [22] that that business was advertised in the form that it appears there, "Lerner's San Jose." The ads which are attached to the complaint in this case and which the defendant admitted to be true copies, torn right out of the newspapers, say "Lerner's," and there is an address "70 South First Street, San Jose," but there is not any designation such as you would consider part of the name. The same is true of the next statement that he advertised his business as "Lerner's Apparel." That is completely misleading. Your Honor may recall from the sign on the door of the store that it is a large sign in a light background with the word "Lerner's," which is in script, in very small black letters, in the right-hand corner, is the word "Apparel." It seems to me that without explanation it would appear as if the defendant was doing business under the name of Lerner's Apparel. He is not doing business under the name of Lerner's Apparel, according to the

record, and according to the facts. He is now doing business as Wilfred Lerner, with a particular set-up for the word "Wilfred" in the lower left-hand corner in small letters, and "Lerner" emphasized in large letters. The word "Apparel" is on the lower right-hand corner of the sign. He advertises what he is selling, but he does not do business under the name of "Lerner's Apparel," and never has. We do not believe that is accurate, nor would it give any court a correct picture to accept that finding. [23]

Then follows paragraph 6, in which are given superlative statements that I do not believe have any place in the record; they are unsupported in the record. They are inaccurate. The statement is that the store operated by the defendant in San Jose is of a character and appearance so distinctive and different in every material respect from that of Lerner Shops, that no person of ordinary understanding and intelligence, no person exercising ordinary care and no ordinarily observant purchaser would confuse it with said "Lerner's Shops," or do business with defendant under the reasonable or foreseeable misapprehension that he was doing business with said "Lerner's Shops."

That, to my mind, is not a statement of the facts, at all. It is merely grouping and lumping into one statement the defendant's conclusion as to a number of facts, all of which are in the record. For one thing, there is not any dispute, in fact there is a stipulation of the record that the ranges in price are essentially the same in some classes of women's

wearing apparel of various kinds; in the second place, that the prices will not overlap so that while the plaintiff was lower on the bottom than the defendant and the defendant is higher than the top lines of plaintiff, nevertheless the defendant's range and the plaintiff's range overlap in the middle. The defendant admits that he does not sell all of this merchandise at the highest price of his price range. There are newspaper [24] ads that were presented to the defendant and the record shows that he offers for sale and sells merchandise at prices well above the plaintiff's range. But if you take a statement as broad and all-inclusive as this one proposed for finding it would appear that he is not even selling the same merchandise, let alone that he is not selling it at the price range that was competitive.

Then, of course, the statement that the defendant has performed no act or made any statement or resorted to any artifice which would confuse, mislead or deceive the public, I assume that the court took the defendant's view in so concluding, even though it is a fact he did open his business, advertise it as Lerner's without any identification of himself, and knowing the existence of the plaintiff and its stores, in his newspaper opening ads he did not even set forth the prices of what he was selling, nor did he indicate the quality of what he was selling, so that he was in effect telling the public in his newspaper ads that here was a business under the name of Lerner, which is well known to people, who purchase the kind of material that the defendant had for sale to them without telling them that it

was not Lerner's or Lerner's Shops. He stated that he subsequently made certain changes. He did not state that they were not made until after complaint was made, and that some of those changes were not made until just before trial; and as a matter of fact one change was [25] never made and still remains unmade, and that is in the entrance to this store; one of the pictures in the case shows it in detail, on the floor, with the word "Lerner", and that continues to the present date.

The Court: As I recall it, though, the word "Wilfred" was ahead of it.

Mr. Goldberg: No, not in the entrance. As you go into the store from the sidewalk, you find windows out to the sidewalk, and then there is an entrance before you get to the door, but as you walk in on the floor, in the tile or marble floor, set in, is the name "Lerner," and that was so at the time of the trial, according to the defendant's testimony and the picture in evidence, and continues to the present time.

The Court: I think if this were a case where a man set out to pirate your business that would be one thing, but there is certainly nothing in the evidence to substantiate that.

Mr. Goldberg: Your Honor will recall when the discussion came up in that connection the only question was as to the manner in which the name Wilfred would be added, and your Honor can see from the pictures in evidence that it still emphasizes the Lerner and subordinates everything else to it in a way that does not meet the requirements

where a person who has a certain name under which he wants to do business is permitted to continue.

The Court: I am familiar with, I have read all of those cases, but those are cases where there is a reason for requiring it, where there is definite unfair competition and the public was being misled and all of that sort of thing, but you have to have a foundation, have got to show that there is competition contrary to law, resulting in damages, and an intention to pirate the other man's business.

Mr. Goldberg: It was just decided a week ago by Judge St. Sure in the Moss case where the plaintiff corporation was doing business as Moss Stores. It was started by a man named Moss about 60 years ago, and subsequently was run by his son-in-law, who changed his name to Moss because he was running that business. At the present time there are no Moss persons with the plaintiff's store. The defendants began their business some years ago; their names were not Moss, but they changed it to Moss and they called their business the Moss Apparel Shops. In some places they had stores in the same area as the plaintiff, and in other places they were even in a different county from the plaintiff. The court held that they were entitled, under the circumstances, to continue to use the name Moss, but they could use it only as a part of their full name, "Moss Apparel Shops," and would have to always use it in the same size and do nothing to emphasize "Moss" as against the balance of their name. That is a rule that has been applied in all the cases that I have found. [27]

The Court: I have no doubt about that, where confusion is shown. I do not think there is very much question about the law; I do not take issue with you on the law, but I do not think you have a case here under those principles of law for the court to grant an injunction. I think the reason this was brought about was that you were trying to exact the extreme penalty. The use of the man's first name was something he might not even have been required to do, but having done so, I do not see any cause for complaint on the part of your client.

Mr. Goldberg: This is the situation. If we have no cause of action at all then we are not entitled to have him use his first name or anything else. Our view of an adjustment was on the theory that we did have a cause of action, and that if it does not go to the extent of requiring that he not use the name Lerner at all, then at least by way of adjustment it should go to the extent of there being no possibility or probability of mistake that Wilfred Lerner is doing business as Lerner's. It was not on that feature that we finally failed to agree, but when your Honor states that you believe that——

Mr. Robinson: If you are going to state your interpretation then I am going to state mine.

The Court: Let us not go into that.

Mr. Goldberg: The plaintiff is not trying to exact an extreme remedy, because we believe that if there was an adjustment on the basis of a change in name we should have that remedy [28] which the court has usually awarded where the defendant was permitted to use his name with a proper change

so as not to be confusing, and that is the reason that we did not in our view of it make an adjustment.

The Court: Wouldn't that be all that the court could properly do in this case if you won the case, so that it would avoid any confusion? Would there have been anything else a court in equity could do?

Mr. Goldberg: Yes.

The Court: What else?

Mr. Goldberg: I don't know what the court would do in our particular case.

The Court: I am asking under the law in all of these cases in which the court has granted or allowed plaintiff relief and has required that changes be made, would a court in equity be justified in doing anything more than that?

Mr. Goldberg: There are some cases where the courts have prevented completely the use of names.

The Court: They are cases where piracy is very evident. But in cases where two stores are concerned, where the facts would be readily comparable to the facts in this case, where the courts ever did anything more than require the distinctive marking of the business.

Mr. Goldberg: I could not give your Honor any case.

The Court: I do not think I have read any.

Mr. Goldberg: In the case which I called to your Honor's and counsel's attention following the trial, Brooks Bros. vs. Brooks Clothing of California, Limited——

The Court: I read that case.

Mr. Goldberg: In that case there was a man by the name of Brooks who started his business back in 1920, and so therefore had been conducting it for 25 years. The case was decided this year. The defendant had built up a chain of 15 stores throughout the state. The court found that there had been a certain amount of delay, laches on the part of the plaintiff in pursuing his remedy, and for that reason denied damages, but nevertheless granted an injunction, and the court ordered the defendant to eliminate completely the name Brooks, or any reference to the name Brooks, although it used it for fourteen years, and although, as far as plaintiff is concerned, the plaintiff never had a store in California, but had sent representatives out here from time to time who stayed at the St. Francis Hotel. In 1939, almost 20 years after the plaintiff had begun its business and had a number of stores they opened a sales representative office in Los Angeles and in San Francisco. That is all they ever had in California. The defendant, on the other hand, had a store in San Jose, San Diego, Santa Barbara, just as far away, if not more, from the sales representatives office as is San Jose from San Francisco, but nevertheless the court prohibited the use [30] of the name Brooks at any of those places.

The Court: Take the case we have here, would the court be justified in equity in doing anything more than requiring the defendant to designate his store as Wilfred Lerner's store?

Mr. Goldberg: I would say if the Court found

that the original use of the name Lerner in the opening of the store and the advertising of it was in good faith, which we believe had a more sinister purpose, I think the court in the ordinary view of this case could require a change in name instead of the elimination of the name "Lerner," but under the circumstances I think the court should follow the view of the many cases cited in our brief as to how the change should be effected.

The Court: Take this case, I don't want to interrupt you too much, because you have your clients' interest in mind, but in good conscience under the facts of this case, with this man Wilfred Lerner running a store down at San Jose, would the Court, if you won this case, be required to do anything more than require the full name of Wilfred Lerner on the sign? I don't think you could ask the court to do anything more than that. It would be completely against my conscience to do it. If the court did that it would require that anyone who would be similarly situated to the defendant in this case go out of business or change his [31] name entirely. We still have to decide the case on the facts and the law that has been built up. I think I have a fair idea of it, maybe not as much as you, because you have studied into it a little more, but I can see the philosophy or the reason for it, that a business that has been built up over a period of years should not be pirated. I generally am familiar with the law. In this case it seems to me that although this is a discussion that properly should only come up on a motion for new trial, all that the court could do

in a case like this would be, if you won the case, to require the defendant to put his first name on there.

Mr. Goldberg: I am perfectly willing to do this, if the Court should find that the manner in which the defendant commenced its business and advertised it, and the manner in which he used that name was done in good faith, if the Court found that, then I would say that we would not expect the court in that event to go beyond requiring an identification to prevent confusion. But I think that is the least that we have made out in this case, that the defendant should be required to identify his business by his given name and to do it in such a manner that he did not emphasize or over-shadow the first name with the name Lerner.

The Court: I do not think that the evidence showed any purpose of unfair competition in the conduct of this business. [32]

Mr. Goldberg: The purpose would not be material.

The Court: Intent. Just a moment ago you said you felt that the evidence showed that there was some purpose of unfair competition in starting out business, in the way he advertised it, and that that might justify even more than a change in the name.

Mr. Goldberg: That is true.

The Court: As I say, I could not see any evidence, anything that would justify the claim that there was any sinister purpose in starting the business, as I recall the testimony. You might think that in a man's mind, somewhere in his mind he

figured out there is a store, Lerner has a store in San Francisco, and his name is pretty well known over the country, and I am pretty lucky I have got the same name, I am going to open a shop down here in San Jose, and as my name is the same that is a pretty good idea, I can get the benefit of the name. But there is nothing in the evidence about that to lead the court to conclude that.

Mr. Goldberg: We have the evidence in the case that supports the fact that that is the manner in which he ran his store. That was all argued to the court.

The Court: Yes.

Mr. Goldberg: I am not planning to reargue that, but in our original complaint here in which we sought a full injunction, we did feel in spite of the fact that we could not get the [33] defendant to admit it, that when he started out with Lerner he had in mind the nation-wide reputation of plaintiff, and that he put that sign up in order to get customers from the surrounding area and thought it would give him a head start in his new business, but assuming that the court does not accept that and the court feels that it is not required by the evidence to come to that conclusion, nevertheless we do feel that the court is required to come to the conclusion that whether it was in large amount or whether it was in a small amount, there is competition between these parties; they are trading in an area where there is shopping between the two companies, competing for business, even though it is not the principal business of the Bay area for which

they are competing and for only, say, a small amount, but there is every reason why there should be confusion when plaintiff's name is so well known and the defendant has only just started.

The Court: Suppose, carrying out that theory, the business was a grocery business, and that Goldberg-Bowen had some clients of the store, and there was a store at the same place that Lerner advertised his store, and that was operated by a man by the name of Goldberg-Bowen instead of, say, a store selling stationery and partly groceries, that the stationery business was five thousand a month and only three hundred or four hundred a month in groceries, the same type of commodities, groceries that were sold by Goldberg-Bowen, [34] here, and there might be said to be unfair competition, as you put it a moment ago, would you say that Goldberg-Bowen there had to change their name of doing business?

Mr. Goldberg: I think the courts say that the rule of minimus does not apply in those cases, and they would have to change to such an extent as to differentiate their company from that of the plaintiff. I do not see that there is any hardship there. If a newcomer is trying to do business, he is trying to build his business by what he is going to do and not by what somebody has done before him. He is just as likely to do a good business as Wilfred Lerner in ladies' wearing apparel as he is.

The Court: I don't know, I am not sure. I think this man was carrying on some different kind of business in San Jose and that was his name, and

Lerner is really a little easier to say than Wilfred Lerner.

Mr. Goldberg: But at least he would be showing his good faith if he used his full name.

The Court: He offered to do that, and if I were going to make a finding on that I would say that was sufficient under the facts of this case to satisfy any requirement of the law.

Mr. Goldberg: I think we either have no remedy or we are entitled at least to the remedy which the courts have allowed in these cases where a differentiation is required, and I think the cases are uniform. [35]

The Court: I think under the facts of this case, as I recall the photographs that were submitted to me, that was more than ample, and that is why I was surprised we had to go to trial and try this case. As I recall it, he showed photographs with the name Wilfred on them. Of course, that might not satisfy the particular requirements or some standard that the plaintiff wanted, but looking at it as an impartial third person it would seem to me to be sufficient, and that is why I could not understand why you had to go and litigate this matter.

Mr. Goldberg: Of course, those changes were not proposed, in other words, they were just practically to the contrary.

Mr. Robinson: That is not correct.

Mr. Goldberg: We had to go to litigation.

Mr. Robinson: If I may make a statement, your Honor, the changes were made in accordance with your Honor's suggestion after the pre-trial. I

might say while I am on my feet and since Mr. Goldberg has brought in the negotiations for settlement, I may point out that the plaintiff's real grievance here is not that Lerner is doing business under the name of Wilfred Lerner, but the grievance is that he is doing business under any circumstances under the name Lerner. The complaint is drawn entirely on that theory and they have shifted grounds and they are trying to show a case of unfair competition.

The Court: Suppose you continue, Mr. Goldberg. [36]

Mr. Goldberg: I think so far as pointing out inaccuracies in the defendant's proposed findings that I indicated those, and I think that to the extent the proposed findings of the plaintiff embody those findings, though they are proposed findings on certain issues as to which the court has indicated it would not find if proposed by plaintiff, but I think that only applies to an occasional statement in the findings as proposed by the plaintiff, such as the matter pointed out by the court—"There is uncontradicted evidence that defendant's conduct did cause confusion of prospective customers and damage to plaintiff"—the court suggested that it would not accept the finding on that subject, while I am not trying to argue at this time what is in the record, or that the court should accept it, but I do think that as far as our proposed findings are concerned, except for matters of that kind, that they are purely factual and they are certainly based on the record. We could offer amendments say "strike

out paragraph 2 and substitute the following,'' and so on—we think that the proposed findings should be included as a whole, not because we expect the court by reason of these proposed findings to change its conclusion as to the result, but merely to incorporate findings of fact which we feel, and we put in the transcript references for that purpose, fully explain the findings as proposed, whether or not they lead to the conclusion which the plaintiff seeks.

I do not know what the court's plan of procedure from this point might be. If we knew, for instance, what part of these proposed amendments are not acceptable to the court we should be glad to strike them out or redraw them, and perhaps counsel for defendant, having had these for some time, would point out those parts of our proposals which are inaccurate—although I do not believe that is so—or at least inaccurate to the extent that the court is not willing to accept the findings on that subject. We tried to follow the transcript, and I read it over carefully for that very purpose. But other than that I think I have pointed out to the court the inaccuracies in the findings, first in that they have certain omissions, and secondly,——

The Court: I think perhaps it might be better if I just went over those, myself. They are all in writing. There are some things I am not going to spend much time on. I notice in paragraph 15 on page 10 you state they are in competition and plaintiff has been damaged and will continue to be damaged. I can't put that in the finding and give judgment for the defendant. I think perhaps I might

just as well go over them, myself. I understand generally what your theory is in proposing these amendments.

Mr. Goldberg: I might say the theory at this point is not to ask the court to change its decision; that is not the purpose of these findings; but rather to point out inaccuracies [39] in the proposed findings of defendant and to obtain inclusion of material facts where we do not think that either side questions those facts. There is one matter further that I want to refer to, and that is on the last page of the proposed findings of the defendant. That would lead to a very serious inaccuracies if accepted by the court.

The Court: You mean what part?

Mr. Goldberg: "All the affirmative allegations of the answer are true." I only indicate that, but there are a number of statements I want to point out to the court in the answer as to which there is no testimony at all in the record, or the testimony is to the contrary. I do not think that it calls for that kind of a finding.

In addition I think that with respect to paragraph 8, just immediately preceding it states "the change of name of said Delaware corporation, prior to said adjudication in bankruptcy, did not and does not comprise a fraud upon the public." The defendant sets forth as a third defense this happened back in 1932, when the assets and good will were transferred to plaintiff corporation, and to a company by the name of Lerner which changed the name from Lerner Stores Corporation to Realty

Corporation and went into bankruptcy. The answer to that effect did not constitute a defense.

The Court: I don't consider it necessary to make a finding on that.

Mr. Robinson: That finding is in favor of the plaintiff.

Mr. Goldberg: I don't think it is favorable to it.

Mr. Robinson: It was not substantiated and we made a finding in favor of the plaintiff.

The Court: The court won't make a finding on that.

Mr. Goldberg: I would suggest paragraph 17 of our proposed findings, that the said defense alleged in defendant's answer is not true.

Mr. Robinson: There is no difference between what I said and what you have said.

The Court: Let us proceed.

Mr. Goldberg: The only other matter I want to mention is in going through this transcript I noticed some evident errors in the transcript and I don't know what is the proper procedure. We could make a copy of those and furnish them to the reporter and counsel.

Mr. Robinson: I think the proper time would be on the record on appeal.

Mr. Goldberg: There are a couple of inaccuracies we noticed which may be the same ones you have noticed.

Mr. Goldberg: I was going to suggest that I had an original and copy and I could leave the

original with the court during the pendency of this matter.

The Court: I think I had better go over this.

Mr. Robinson: I think Mr. Goldberg has been rather vigorous in his talk on these findings. He indicated that there seemed a lack of good faith; he said many times such and such was without dispute in the evidence, and the finding was directly to the contrary. Now, this is a sample of how much council is in error. I would merely say he exaggerated and took us to task for saying that when Mr. Lerner, the defendant, opened his business down there he opened under the name of Lerner's, as well as Lerner's Apparel, and Lerner's, San Jose. He said of course the advertising read that way. He said anyone in his right mind could have assumed that that advertising could be read as Lerner's, Lerner Apparel, and Lerner's San Jose. We find precisely that allegation on page 5 of the complaint, line 22, and this is the plaintiff speaking, not the defendant speaking, with malice in his heart and intention to injure the defendant and get this court to make an incorrect finding, and this plaintiff is not trying to lay before the court the set of findings upon which he seeks relief, and here is what he says, now changing his position:

"Since June 1, 1944, defendant has engaged at San Jose in the conduct of said retail store for the sale of women's apparel at low prices under the name of Lerner's and Lerner Apparel, and defendant has continuously and prominently advertised and represented his [41] business as Lerner's, San Jose."

That comes from plaintiff's own complaint. Now he does not hesitate to take us to task and say that the very thing that he wants to be accurate is inaccurate when we make the same conclusion. Plaintiff endeavored also to make a point of the fact that the two price sales overlapped, and he says that is not an issue in this case. He made the point that the defendant was engaged in the conduct of said retail stores for the sale of women's apparel at low prices. There was a good deal of evidence introduced here to the effect that we were not engaged in the low-price business, and that while the two prices did overlap we were in different forms of business. I do not think that is particularly material to the case but since plaintiff made so much of it we should not be criticized for making a finding upon the issue which was presented by the plaintiff and which will undoubtedly urge if he gets the opportunity in another forum.

In reciting the corporate history, I think that goes far back enough to begin the corporate history of this company; it is unnecessary, but since plaintiff stresses it so much, I think when we begin the plaintiff's corporate history fourteen years before the suit was filed that goes far enough back to establish good will; we are not disputing that they have a good will, and when we set forth the corporate [42] history it follows the record very carefully. And when the plaintiff sets forth what he says is the corporate history he sets it forth in the most general, vague and ambiguous terms, giving the impression that perhaps the entire State of California

is covered like the road twists on Mokelumne Meadows, and as far as the corporate history is concerned they have given in great detail the development of stores, and it is on the basis of that finding they wish to present the issue to the Appellate Court as to whether that gives them that premature right in San Jose. They also go so far in giving the corporate history as to include a branch in Fresno, which was not in existence at the time this litigation was commenced, or even when the lawsuit was filed. It was opened after the lawsuit was filed. So I think that since Mr. Goldberg has taken the liberty to say in so many instances that it is contrary to the record, that the record is undisputed, and the findings are contrary to the record, that I should point out that Mr. Goldberg is not infallible.

Now, with respect to the L. G. Lerner Vogue situation, Mr. Goldberg mentioned some things today which were quite a revelation to me because they were never mentioned before. I am sure that Mr. Goldberg was not back east in that litigation between Lerner and L. G. Lerner Vogue, so he must have gotten the information from Mr. Magee. If he did, Mr. [43] Magee was more frank with him than he was with me or the court. Your Honor will remember he did not know on the stand in what cities J. S. Lerner Vogue were before plaintiff, whether plaintiff started a store in Kansas City first and J. S. Lerner Vogue came in later in a city fifty miles away; he couldn't even remember that; and here they are complaining that if they are in a city fifty miles away the defendant can't come in. He didn't

know the time the plaintiff came in Topeka, which is fifty miles from Kansas City where J. S. Lerner Vogue has four stores. Mr. Goldberg knows the facts and Mr. Magee did not know them. We therefore have a finding indicating who came in first and we have a finding which comes directly from the testimony of Mr. Magee in my opinion unwarranted that there is a store within less than one hundred miles from the store operated by plaintiff.

The Court: What has that got to do with the case?

Mr. Robinson: Because Mr. Goldberg insists this morning that this court should insert a finding that nowhere else in California is there a store using the word Lerner and they are the one that should receive this concession. They want your Honor to make a finding that there is no other store under the name Lerner but they do not want the court to find that in other parts of the country they themselves are doing the very thing that they object to in California.

As to the Brooks case, your Honor said you had read it. [44] I might say that judgment has not been entered yet.

Mr. Goldberg: An order was made, of which I have a copy.

The Court: Is it on appeal?

Mr. Robinson: No, it has not been entered in the upper court.

I would like to refer your Honor to the case of Griesedick Western Brewery Co. vs. People Brew-

ing Company. It is a products case. It is a case which came out since our case was tried.

The Court: What is the citation?

Mr. Robinson: 149 Federal Second, 1019. The decision was rendered on June 20, 1945 and its appearance in the Advance Sheets will be about the 29th of October. I might say that in preparing the findings I tried as near as possible to use that language that the court had indicated was applicable particularly in connection with competition or lack of competition between two areas, and if your Honor will refer to the findings that we set forth in full you will observe that the findings in this case are full, fair, complete and accurate.

Mr. Goldberg: There is nothing in the proposed findings of the defendant that the plaintiff had ever thought of doing any business in San Jose.

Mr. Robinson: That is absolutely incorrect, and I refer you to page——

The Court: This is not helping me at all. I have got [45] enough to do without that. If I cannot make satisfactory progress in the way of amending the findings I will draw my own findings. As a matter of fact most of the judges do that anyhow. If I had thought it was going to involve all this argument I would have drawn my own findings in the matter. You gentlemen have had this matter of findings, if I remember rightly, under consideration for months and judgment should be entered. I think very simple findings would cover it.

Mr. Goldberg: Might I refer for a moment to the case that counsel has called attention to. Neither

the plaintiff or the defendant had ever done business in the same state; the closest places where they had done business were 500 miles apart and not in the same state; that the defendant had its business within an area of 150 miles of Duluth, Minnesota, and plaintiff had never entered into the state of Minnesota. One of the findings of the trial court was "that plaintiff had made no plans to enter the Duluth trade territory, or the State of Minnesota, or the states of Wisconsin, Michigan, North Dakota or South Dakota for the advertisement and sale of its 'Stag' beer and has taken no steps to enter such territory, has made no investments, and has done nothing looking toward the extension of its trade into such trade territory."

That was one of the findings quoted in the opinion of the lower court which was affirmed. I did not call this case [46] to the attention of the court, but since counsel has, it is obvious that the trial court in this case and the Circuit Court held that no steps had been taken to enter this trade territory, whereas in our case, although the proposed finding says that a lease was taken, it goes on to say that "at the time of the commencement of this action said premises were occupied by a subtenant of said California corporation and were not being used by plaintiff or any of its subsidiaries for the purpose of conducting therein a retail ladies ready-to-wear store in any manner whatsoever." That leaves the idea that the plaintiff merely took the lease with the idea that some time in the future it might or might not occupy the premises, whereas the evidence shows and it ap-

pears from the lease that when the lease was taken the term was to commence July 1, 1942, and that as a part of the obligation of the plaintiff in taking the lease it was required to construct a new building on the leased premises and to conduct one of its stores therein. The only reason that the plaintiff had not gone into the store on July 1, 1942, was that by that time the restrictions of the War Production Board prevented reconstruction and therefore they were continuing to sublet until such time as the reconstruction of the premises could be accomplished. It seems to me now that you have a complete statement.

The Court: I will take the matter under submission. [47]

REPORTER'S TRANSCRIPT ON MOTION FOR NEW TRIAL

Monday, January 21, 1946

Counsel Appearing: For Plaintiff: John J. Goldberg, Esq., Sam A. Ladar, Esq. For Defendant: Henry W. Robinson, Esq.

The Court: Are you ready to argue this motion for a new trial?

Mr. Goldberg: Yes, your Honor.

Mr. Robinson: Ready.

Mr. Goldberg: May it please the Court, this is the motion of the plaintiff, Lerner Stores Corporation, for a new trial on the grounds stated in the

---

* Page numbering appearing at top of page of original Reporter's Transcript.

notice of motion that has been filed and which is based on our contention that the evidence is insufficient to justify the decision and that the decision is against law.

I want to say first that we realize that we have taken a great deal of the time of the court in presenting this same matter on a number of separate occasions. We appreciate the patience of the court in hearing us, but we do feel that this is a matter of very substantial importance to the plaintiff, of much more importance to the plaintiff than to the defendant, for, although the plantiff is a large corporation, judged by its substantial business, nevertheless all of that is wrapped up in the name which is used to conduct the business, and injury to it in the use of its name. It may well be an injury that will go far beyond that which could possibly benefit the defendant in the conduct of its business, while on the other hand there is no reason why there should be any inury done to the business of the defendant, whether that business is carried on under a particular designation by the new business which could have been started under a different name than its own name, but even though carried on in its own name, whether that be his surname alone, or whether the surname with such qualifications that the court believes would protect him and also the plaintiff, nevertheless no injury to the business of the defndant would result. Now, for this reason the plaintiff feels that the issue here goes far beyond any matter of determining the ex-

tent to which, if any, [2] the defendant might be concerned in being required to either not use the name qualified or use his own name so as to protect the plaintiff.

In the pre-trial conference the attention of the court was called to cases which we feel held quite uniformly that a business which is in the nature of an expanding business, one which has a history that it does expand its activities into various areas is entitled to be protected in the use of its name and in its good will, not only in a particular community or communities in which it has established its place of business, but also in those additional outlying areas which constitute the area for the normal expansion of its business, and at that time the court stated that if such be the law at least the plaintiff would have to bear a heavy burden of proof to establish the facts which would entitle it to have the benefit of such a principle of law.

We feel that in this case the facts—not those on which there has been any conflict, and on which the court might and should exercise its judgment as to where the truth lies, but on those facts as to which there is no dispute, some of which appear from the findings which the court has now signed and some of which are omitted from those findings, we believe that those undisputed facts entitle the plaintiff to relief under a course of decisions that we believe is uniform and without break. [3]

I am not going to discuss the evidence, but I would like to state in a few simple statements those facts which I have listed, which I believe, and which I

am quite sure it is so, are in the record without dispute. As a matter of fact, I think there is very little dispute on any of the facts on this case, but as to those which are in dispute I believe the only relevancy of them is as to the nature and extent of the relief which a court would feel that plaintiff is entitled to have, and not with respect to whether the plaintiff is entitled to some relief.

Those facts I believe are the following: That the plaintiff's business of operating a chain of retail stores for the sale of ladies' wearing apparel was started in 1919, which is not the date referred to in the findings; the findings refer to 1930 as the earliest date and do not state that that happened to be the date when the plaintiff's business was commenced in California. So that particular finding, it might be well assumed, because there is nothing to the contrary therein, that the business was started in 1930. It was started in 1929 by Samuel Lerner and his two brothers, and they have continued actively interested in that business to the present time, themselves, and into the second generation. That business, as a matter of plan, policy and of actual practice, has been expanded over the United States, and throughout the country, so that when this action was commenced there [4] were approximately 180 stores in 41 States and in the District of Columbia. That expansion reached California in 1930 and resulted in the establishment and operation in this State, before the defendant opened his store of thirteen stores, of which one in Los An-

geles was closed in 1942 because of inability to renew expired lease.

Of the California stores, two are in San Francisco, and one is in Oakland. The plaintiff operated the same as all other chain store organizations; upon first entering a State or area it established itself in the most populous part of that area, and after building up a business in a particular city and from the district area, to use that patronage from the surrounding communities as the nucleus of a new store in one or more of the smaller communities in the surrounding area. In line with this policy as respects the San Francisco Bay area, the plaintiff opened its San Francisco and Oakland stores in 1934 and 1935, and in 1941 the plaintiff negotiated a lease of a store in San Jose, the term of which was to commence on July 1, 1942, when the existing tenants' lease expired. Under the lease the plaintiff was obligated to rebuild the premises and then to occupy the major portion of it, being permitted to sublet on a tenancy of 35 feet frontage, and was obligated to conduct in the premises one of its regular stores. Because of the war and Government building restrictions which intervened, plaintiff was unable to do the necessary rebuilding, [5] and had to wait until the restrictions were lifted before it can plan to occupy the San Jose store.

In line with this same policy of expanding into the outlying areas surrounding its stores in large communities, the plaintiff, before the defendant had opened his store in San Jose, had leased in California fourteen additional locations for the establish-

ment of new stores, including three on the San Francisco peninsula, at Palo Alto, San Mateo and Burlingame, and this in addition to the San Jose store.

Over a period of 25 years or more, since 1919, the plaintiff has built up a very valuable and profitable business and good will. I won't go into the figures, but the court may recall that they are quite substantial. It is the largest in the same kind of business in the world. They sell to many millions of customers each year, located all over the United States.

Although the plaintiff designates its stores as Lerner Shops, most of its customers and the public know of and refer to the plaintiff and its business as Lerner's.

Each of the plaintiff's three stores in San Francisco and Oakland—there is no dispute on this, and I do not think it is subject to any qualification from the record—regularly do a substantial amount of business with customers living on the San Francisco peninsula, including San Jose, Palo Alto, Redwood City and other peninsular communities. [6]

Because the plaintiff does a cash business, it does not have a list of the names and addresses of the customers. However, customers sometimes pay by check drawn on a bank where he lives, thereby showing the locality, or if a customer wants to exchange merchandise or turn it in to credit, or buy merchandise and pay for it on a so-called lay-away plan, in those cases the customer signs a slip and gives the address. And sometimes in addition to that customers who have been coming into the store frequently enter into a conversation with sales peo-

ple which indicates or discloses where such customer lives. From those various sources and from the specific records which the customer on some occasion signs, as those mentioned, and which records were in court during the trial, plaintiff has established that it has a definite regular patronage in San Jose and in the surrounding areas.

The Court: Is there any finding as to the extent of the business in San Jose area?

Mr. Goldberg: There is no finding. The closest finding is that plaintiff gets most of its business, or primarily gets its business from San Francisco, that it gets some business from other parts of the United States. I am looking for it in the findings. It says: "The customers of said Lerner Shops consist in substantial part of persons who comprise the pedestrian traffic passing the respective stores, consisting in each instance, principally of persons from within [7] the city and its immediate environs where a Lerner Shop is situated, but including some persons from other areas throughout the United States and other places."

That is the only finding on that subject.

On June 1, 1944, at which time all of the facts above stated were in existence, the defendant opened a store in San Jose for the retail sale of ladies' wearing apparel, calling the store "Lerner's." The defendant's name is Wilfred A. Lerner. He had never been in business in San Jose, and he had never before been in any business or connected with any business which was carried on under the name of "Lerner," before he opened the business.

As soon as the plaintiff learned of the conduct of the defendant after the opening of the store, the plaintiff asked the defendant to cease using the name "Lerner." The defendant refused. Before the trial the defendant made certain changes in the denomination of its business, which plaintiff considered insufficient for its protection and inadequate under the law, and since the defendant insists on its right to use the name "Lerner" without qualification, we need not at this time, unless the court desires it, consider the adequacy of the changes which the defendant has made in its denomination.

The plaintiff and the defendant handle in general the same classes of merchandise. Their price ranges overlap. The defendant does business with people in Palo Alto, Redwood City [8] and the area surrounding San Jose, as well as with people who live in San Jose. The plaintiff first heard of the defendant's store as being in San Jose and being denominated under the name of Lerner from customers of the plaintiff who thought that it was the plaintiff's store, and from time to time customers in each of the plaintiff's bay area stores have referred to the defendant's store in San Jose as the plaintiff's store. The defendant has himself testified that persons coming into his store have about once or twice a month asked him if he was related to people who have the store in San Francisco.

Now, all of those facts are merely those which are in the record. They were not questioned. There is nothing in the record to the contrary, and I do not believe there is any room in the record for any gen-

eral inference to the contrary as to those particular facts.

I am not referring to a number of other facts, such as whether the defendant, when he opened his store as Lerner's had any ulterior motive to benefit from the reputation and good will of the plaintiff, although some courts on appeal have stated that regardless of the facts submitted to the contrary they were not going to believe it. I am not going into that, because it is not material to the point I am desirous of making on this motion. I am not going into the question of whether the kind of advertising which the defendant [9] indulged in before he opened his store and the fact that he used the name as he did after he had been asked not to, indicate anything more than that the defendant in good faith attempted to exercise a right to which he is entitled. But granting all of that, those are not in the controversy, if the court draws any conclusions which are contrary to those which the plaintiff feels should be drawn, nevertheless on the facts recited we feel under the authorities on this subject the plaintiff is entitled to relief.

We have presented to the court at the first pretrial conference cases which we feel have passed on this type of situation, that is, those cases where the parties were doing business in areas removed from each other, varying distances, some in different States and some in different cities, and in which the court found that plaintiff's business was such that it was expanding its operations in which it would normally reach certain areas within a cer-

tain time; some cases, such as the Sweet Sixteen cases, where the plaintiff had actually negotiated for a lease in Salt Lake City, although its nearest store was San Francisco——

The Court: Mr. Goldberg, I realize you have quoted all of those authorities, but what bothers me about the case and the reason why I decided it the way I did, was the application of the law to the facts of this particular case.

Mr. Goldberg: I realize that. [10]

The Court: I have not any quarrel with the line of decisions that you have cited. They covered situations in an area where, if the evidence showed that someone came into a place, even though there was not a store of the plaintiff nearby, and the facts indicated that the store, consciously or unconsciously, was for the purpose of or had the effect of pirating good will, then, of course, the plaintiff was entitled to relief; but as I understand the philosophy of those decisions where there is an expanding business, where there is a good will developed, where it means something, and then someone comes into an area and the result of it is that there is piracy or stealing of that good will, either consciously or unconsciously, then the patent rights with respect to that may be enforced. But the question involved in this case is not whether the law is as you state it, as I see it, but whether or not there was any such as you have named in this case. I just want to make that clear, because we have had some discussion in connection with this matter, and I rather got the feeling that you felt that the court was not

giving a consideration to those principles of law which you had set up. I thought I might state that now so that you won't misunderstand what I did. That is why I interrupted you.

Mr. Goldberg: The question is whether the effect of what he has done or probably will causes damage to the plaintiff. [11]

The Court: I realize that is the case, but I felt on the fact it did not have the effect which was pointed out in the decisions.

Mr. Goldberg: The facts I believe established without any possibility of question that the plaintiff has a patronage in San Jose as well as in Palo Alto, and Redwood City, which are areas tributary to San Jose as well as San Francisco.

The Court: Let me say this to you, so that if you can clear up my mind you will have a chance to do so, but I felt from the evidence that there was not any substance whatsoever to that contention in the facts of the case. It may be that the record shows there were some customers, but I felt in truth and in fact that was not a substantial matter. The argument that good will attaches itself over all areas that might reasonably be the basis of affecting the property right of good will would be negatived by the fact that over a period of time a certain area is left untouched by the plaintiff company because they did not attach enough substance to the business that might be developed in that area, and hence they leave it alone. Now, you have a factual situation there. It seems to me from the evidence that there was not any substance to it, at all, that there was

not any business or good will that was attached to what [12] the plaintiff's store in San Francisco would get out of this particular area down in San Jose, and therefore there was not any effect upon, or substantial effect upon the plaintiff's property right, even assuming that the acts of the defendant were violative of that property right.

Mr. Goldberg: There is this in the record without possible question, and that is that the plaintiff was considering San Jose as an area in which it did enough business that it should have a store there, because in the first place, as Mr. McGee explained on the witness stand, and he said it was in line with the practice of every chain organization, and that is they first established themselves in a central area and later branched out into the outlying area as they found that they had established a nucleus of patronage for a particular outlying area, and they felt that by 1941 that had been established because that is the time they negotiated this lease and actually entered into it for a term that was to commence July 1, 1942, because of the existing tenancy, which would not expire until July 1, 1942, and it was only the interruption of the war that created the fact that there was no store of plaintiff in San Jose when the defendant opened his store.

We do not say that merely because the plaintiff had just decided to come out from New York and start somewhere on the Pacific Coast and hit San Jose as a place, or had taken a [13] lease there but had not opened a store, precluded the defendant from opening and starting there, but we say that

the conduct of plaintiff is consistent only with its policy and the facts involved in the record that it was doing business in San Jose, and that it was going to open a store in San Jose and would have opened it, because it did have patronage in San Jose.

That is only one phase of the evidence on that subject. The other evidence the record evidence which was brought into court and was offered in evidence, and at the suggestion of the court it was covered by stipulation of counsel instead of covering up the record, that the actual papers signed by customers and showing their addresses, who had either made exchanges or returns for credit, and had given their addresses at Palo Alto, Redwood City and other places, and the testimony of the managers of the San Francisco stores was that over a period which appeared from their records that approximately 6 to 7 per cent of their transactions resulted in either exchanges or returns for credit, on the basis of which the evidence which it was stipulated would appear from those records would show that there would be approximately 240 or 250 transactions in San Jose alone, in the year out of the one San Francisco store on Market Street; and there would be some 560 odd transactions between that store and the residents of Palo Alto, to say nothing of Oakland and the other store [14] on Grant Avenue.

There have been cases such as the R. H. Macy case, where Macy has come out of New York, where it has a department store, and it has one also in

Miami, Florida, and people in Tulsa, Oklahoma, and Denver, Colorado, were enjoined from doing business there under the name of Macy, and where the proof as to competition was as to the amount of business done by Macy in a particular area. In the Denver case it appears that in the preceding year Macy had made 428 shipments into the State of Colorado. It does not say how large or how small the shipments were, but that was made a basis for showing that Macy was doing business in Colorado. In the Tulsa case it appeared that Macy had done—this was a women's apparel store—it had done approximately $5000 worth of business in the preceding year. If we take these various transactions that have been testified to and which follow from the records, it seems to me that the plaintiff in this case——

The Court: Was merchandise shipped by Macy to those places?

Mr. Goldberg: Yes. They had no place of business closer than New York or Miami Beach.

The Court: There is no evidence in this case that the plaintiff was shipping any merchandise to San Jose?

Mr. Goldberg: No, the evidence is that people living in San Jose came to San Francisco and purchased.

The Court: I think the theory of those cases that you [15] refer to is that people would send in orders to Macy's, like they would to Montgomery-Ward, or any of the other large companies. I have read several of those cases.

Mr. Goldberg: This established the fact that Macy was doing business there, and I believe that the records in this case establishes equally that they were doing business with people from that area, and there is testimony in the record that there is a regular flow of business up and down the peninsula into San Francisco by people coming from those areas, and even though the plaintiff had opened a store in San Jose, it would still expect to do some business with people from San Jose who would come up thinking that in a large store they might have a larger selection, but in the main the nucleus which was established in San Jose would become remaining patronage for its San Jose store. But it seems to me that a company which has a nationwide distribution of its places of business, and which has thirty million transactions in a year preceding the commencement of the action, of necessity has established its name in many places other than where the defendant had its place of business and if in addition it can show, as here, it has a regular flow of patronage from this place, people who come here for that purpose, and there is evidence in addition that some of the people living in San Jose refer it to the opening of the plaintiff's store in San Jose, and without any doubt if such persons thought that [16] the defendant's store was the store of the plaintiff they would patronize the defendant's store to the damage of the plaintiff, and even if they did not patronize it, if there was anything different from the regular store operations of the plaintiff in the nature of merchandise it

might well reflect prejudicially on the plaintiff, and it seems to us the plaintiff is rightfully entitled at least to some effective differentiation between the defendant's business and the plaintiff.

Of course, in California there have been cases where the question of distance between the established retail prices of the parties would not prevent the giving of relief to the plaintiff, such as the Benioff case, where one party, the plaintiff, had a store in San Francisco, and the defendant opened his store in Los Angeles, and the evidence showed that the plaintiff was doing business in various parts of the State, including Los Angeles, and the court held that it was entitled to prevent the defendant from opening its store in the same line of business, retail sale of furs, in Los Angeles. We have the cases cited in our memorandum.

The Court: Do not those cases center around the use of the name?

Mr. Goldberg: I do not understand.

The Court: I had one of the cases in the Benioff litigation. [17]

Mr. Goldberg: That was different. They were not using the name of Benioff down there. The name involved was Hudson Bay Fur Company, which was being used by George Benioff in San Francisco at that time, which is not the name he uses now, and David and Fred Benioff, the defendant, had opened a store in Los Angeles under the name of the Hudson Bay Fur Company.

The Wood vs. Peffer case, while it involved a somewhat different situation, involved the use by

the defendant of the plaintiff's name, contending that it was making a sale of merchandise of the deceased Wood, who had carried on a business in Sacramento for the sale of refrigerators and that kind of merchandise. Subsequently the defendant in Stockton advised over the radio that he was selling out the merchandise that had previously been handled by the decedent in Sacramento, and one of the arguments against an injunction was that these places were some fifty miles apart, and there was no competition in the sale at retail at those two remote places of business, but the court held otherwise. It said that in these days of easy transportation, which was before the war, shoppers do go to various places to secure the best bargains, especially in fields where sales are widely advertised, and the principle was recognized that they did not have to be in the same area.

It seems to me that the evidence in this case shows that plaintiff was doing business with San Jose residents [18] as well as Palo Alto and other surrounding areas; that it has therefore established a good will in that community, and that the use by the defendant of the name by which the plaintiff is generally, certainly in a majority of cases, known by its customers in that area, is of necessity bound as a necessary result to injure the reputation and good will and infringe on the rights of the plaintiff, because some of these people will, as they have, come to the conclusion that the plaintiff has opened a store in San Jose and will patronize the defendant to the injury of the plaintiff, and they will come

to the conclusion that the plaintiff has departed from some of its regular practices of business and will therefore lose the patronage of the customer. Whether the injury can be measured, or not, is not the test; as your Honor well knows, if there is a probability of injury the good will and reputation of the plaintiff should be protected, and it would be protected without any damage or injury to the defendant. We think the evidence in this case proves it, and the plaintiff should therefore have relief. As to the nature of the relief, that is a matter that we have also covered in a memorandum which the court has.

So far as the particular findings are concerned which the court has signed, we believe that our objections which are covered at length in the memorandum filed in support of [19] this motion show the features of the findings which are either in our view inaccurate or inadequate. For instance, on the question of the policy of expansion of the plaintiff's business, we believe that the finding as proposed by the plaintiff is completely within the record and more complete and reflects better the fact than does the finding that the court has signed, and we believe in addition that the court's finding does create confusion, because it does not appear that the opening date of 1930 is the time that the plaintiff commenced business but the time when it commenced business in California, which is a true finding. There is no basis for limiting the history of the plaintiff's business in California when we know that it started some years before that. The

California business is merely one evidence of the expansion policy practice of the plaintiff, so that we think that the finding, to be completely accurate, should reflect that as set forth in our memorandum, rather than as set forth in the finding signed.

There are other phases of the findings, such as in connection with the taking of a lease in San Jose, which on the basis of the finding as agreed would clearly indicate that plaintiff took a lease and then in effect it had abandoned it, whereas the facts are to the contrary, and as the facts are in the proposed findings we have made.

There are a number of other matters which I won't take up the time of the court explain now, because they are in the [20] memorandum, but the findings of the court completely ignore the fact that the defendant, himself, has never done business as Lerner's before, had never been in the retail business, had never done any business in San Jose, so that it would not be as though he was giving up something that he had established before. I believe that the findings should be amended in accordance with our memorandum, and I think then there will be a more accurate finding, more corresponding to the facts. We think as a matter of law that the plaintiff is entitled to relief; whether or not the relief should be all that the plaintiff asked for or as much lesser relief as the court feels would protect the plaintiff, and for that reason we believe that the findings should be amended, and likewise amended in accordance with the motion for a new trial.

The Court: I will tell you, as far as any relief that the plaintiff would have been entitled to, even if the court had decided in favor of the plaintiff, it seemed to me that the proposed changes that the defendant offered to make were adequate, and the parties should not proceed along those lines, and therefore the issue presented to the court remained as to whether or not there was liability. I felt that there was no substance to the claim that the plaintiff had a good will that amounted to a property right in San Jose, and further it seemed to me that the evidence did not sustain the contention of the plaintiff that the defendant was engaged in the [21] activities complained of by the use of the name, and even assuming that there was a property right, that it was not violated in any way. However, I will look at your memorandum, and if you feel that there is nothing further, aside from what you have said, I will mark the matter submitted. If I feel that there should be some change in the decision and I feel that it is necessary to hear further from counsel for defendant, I will let you know, but at the moment I do not see any point in hearing any argument.

Mr. Robinson: I just want to call your Honor's attention to one line of testimony by Mr. McGee, that indicates the manner in which the firm obtained business. On page 76, when he was questioned by me on cross-examination he stated:

"Q. I understood you to say this morning that you choose locations near department stores because the department stores advertise in newspa-

pers and brought trade in and that trade, therefore, is attracted and becomes your potential customers?

A. They come downtown or come from San Jose to San Francisco as a result of department store advertising, and when they get to San Francisco they see the Lerner shops and come in to buy.

Q. You, yourself, don't advertise in newspapers? A. We do not."

Pursuant to that testimony and other similar testimony [22] by Mr. McGee the findings, as I originally presented them, did not have the word "substantially" in there, but "exclusively." It originally read, "The customers of said 'Lerner Shops' consist almost exclusively of persons who comprise the pedestrian traffic passing the respective stores, consisting in each instance, principally of persons from within the city and immediate environs where a 'Lerner Shop' is situated, but including some persons from other areas throughout the United States and other places."

Your Honor inserted the word "substantially" in place of "almost exclusively," but the main point is this, the people who come from San Jose or wherever they come from, come to San Francisco, according to Mr. McGee's testimony, drop into the Lerner Shop the same as they do from India, or other parts of the world. They are not attracted by advertising and are not attracted by mail or newspaper advertising. It is simply, as your Honor has pointed out, the simple application of appropriation law to the particular facts here.

There has been no particular appropriation of the San Jose area.

The Court: Are you going to argue this matter? If you do maybe I will find from your discussion that you are wrong.

Mr. Goldberg: I think that the court, in considering the record as read by counsel should also have in mind that [23] you cannot pick that out and prove your case because it also appears from the record that Lerner's in San Francisco and their other stores in San Francisco which have regular customers, people who come from San Jose as well as other places. It may well be that people will come into Lerner's Stores because they are attracted by an ad of the Emporium and then see the Lerner window and go in, but that doesn't mean they only went into Lerner's Store because they were attracted by advertising.

Your Honor stated you will examine the memorandum that was filed in connection with the motion. The authorities on which we rely are in the memorandum which was filed with your Honor some time ago in connection with the pre-trial conference.

The Court: I will mark the matter submitted.

In the Southern Division of the United States District Court for the Northern District of California

CLERK'S CERTIFICATE TO REPORTER'S TRANSCRIPTS

I, C. W. Calbreath, Clerk of the District Court of the United States for the Northern District of California, do hereby certify that the following Reporter's Transcripts were filed in the above-entitled case, and are herewith forwarded to the United States Circuit Court of Appeals for the Ninth Circuit, to be considered by it as part of the Record on Appeal herein, to-wit:

Reporter's Transcript for Monday, December 24, 1945.

Reporter's Transcript for Monday, January 21, 1946. Said Reporter's Transcripts are to be returned to the Clerk of this Court at the termination of the appeal herein.

Witness my hand and seal of the District Court of the United States for the Northern District of California, this 17th day of June, 1946.

[Seal] C. W. CALBREATH,
Clerk.

By M. E. VAN BUREN,
Deputy Clerk.

[Endorsed]: Filed June 17, 1946.

[Endorsed]: No. 11347. United States Circuit Court of Appeals for the Ninth Circuit. Lerner Stores Corporation, a corporation, Appellant, vs. Wilfred A. Lerner, Appellee. Transcript of Record. Upon Appeal from the District Court of the United States for the Northern District of California, Southern Division.

Filed June 7, 1946.

/s/ PAUL P. O'BRIEN,

Clerk of the United States Circuit Court of Appeals for the Ninth Circuit.

United States Circuit Court of Appeals
for the Ninth Circuit

No. 11347

LERNER STORES CORPORATION, a corporation,

Appellant,

vs.

WILFRED A. LERNER,

Respondent.

Statement of Points on Which Appellant Intends to Rely on Appeal and Designation of Parts of Record Necessary for Consideration thereof.

To the United States Circuit Court of Appeals for the Ninth Circuit and to the Clerk of Said Court:

Now Comes the appellant in the above-entitled

and numbered case, and, pursuant to subdivision 6 of Rule 19 of the Rules of Practice of the above-entitled Court, files with the Clerk of said Court a statement of the points upon which appellant intends to rely on the appeal, and designates the parts of the record which appellant thinks necessary for the consideration thereof.

STATEMENT OF POINTS TO BE RELIED UPON

1. The question involved upon this appeal is the right of the plaintiff, a long-established retail firm whose business is known and referred to as Lerner's, to enjoin and recover damages from defendant, whose name is Wilfred A. Lerner, and who opened a new business in the same line and in the sale retail-trade area as plaintiff, and designated his newly-opened business as "Lerner's."

2. The evidence at the trial was uncontradicted: That the plaintiff has been in business for many years, with stores in numerous locations throughout the United States, including San Francisco and Oakland, California; that at the time that defendant opened his business, the plaintiff's stores had come to be known to and designated by the purchasing public as Lerner's, and were addressed and dealt with by the public under that name; that the plaintiff was the first-comer in the field of the sale at retail of women's and children's wearing apparel under the name of Lerner's, and the first to be designated by the public as Lerner's, and plaintiff earned the right to the exclusive use of

that particular designation in that field; that the defendant opened a new business in the city of San Jose and designated it as Lerner's, and engaged in a course of conduct which was calculated to make the public believe that defendant's business was that of the plaintiff; that San Jose is in the same retail-trade area as the cities of San Francisco and Oakland, where plaintiff has had stores for a number of years; that although the defendant's name is Wilfred A. Lerner and although he had never previously been engaged in the retail business, he nevertheless persisted in setting up a new business under the name of Lerner's; that customers of plaintiff have been misled into believing that defendant's business was that of the plaintiff and was operated by plaintiff.

3. Appellant will show that:

(a) Under the evidence the Court erred in refusing to grant the injunction requested by the plaintiff;

(b) The Court erred in refusing to grant to said plaintiff damages from defendant;

(c) The Court erred in refusing to grant any relief to plaintiff in connection with the use of the name "Lerner" by defendant in the same line of business as that in which plaintiff had long been engaged;

(d) The Court erred in refusing to make any findings on material points as to which the evidence was uncontradicted;

(e) The Court erred in making findings which are not supported by the evidence and which are in conflict with the evidence.

PARTS OF RECORD DEEMED NECESSARY

6. Appellant thinks that it is necessary for the consideration of this appeal that the record, as certified to the above-entitled Court be printed in its entirety, and, therefore, in accordance with the rule in such cases provided, designates for printing said entire record.

Appellant further deems it necessary for the consideration of this appeal, that the Court consider the reporter's transcript of the evidence at the trial, all exhibits received in evidence, a transcript of the proceedings on the hearing of plaintiff's objections and proposed amendments and additions to findings of fact and conclusions of law proposed by defendant, and a transcript of the proceedings on the hearing of plaintiff's motion for a new trial.

Dated: June ....., 1946.

Respectfully submitted,

JESSE H. STEINHART.

By S. A. LADAR,

Attorneys for Appellant.

[Endorsed]: Filed June 17, 1946. Paul P. O'Brien, Clerk.

[Title of Circuit Court of Appeals and Cause.]

STIPULATION

It Is Hereby Stipulated by and between the parties hereto that none of the exhibits admitted in evidence at the trial of said action need be reproduced, other than plaintiff's exhibits 11, 12, 13 and 18; and

It Is Further Stipulated that all other exhibits admitted in evidence in said action may be considered by the above-entitled court in their original form.

Dated: June 15, 1946.

JESSE H. STEINHART.

By /s/ S. A. LADAR,

Attorneys for Appellant.

MARCEL E. CERF,

ROBINSON & LELAND.

By /s/ HENRY ROBINSON,

Attorneys for Respondent.

It Is So Ordered.

/s/ FRANCIS A. GARRECHT,
Judge of the Above-Entitled Court.

[Endorsed]: Filed June 18, 1946. Paul P. O'Brien, Clerk.